

# Engage and Lead Responsibly 2020-2021



Corporate Responsibility Progress

Altria’s tobacco companies are the undisputed market leaders in the U.S. tobacco industry, with profitable premium products, iconic brands and a strong American heritage stretching back more than 180 years. As the leader in an evolving industry, we have the duty and the opportunity to shape a better future for adult tobacco consumers, our employees and shareholders. **Over the next 10 years, our Vision is to responsibly lead the transition of adult smokers to a non-combustible future.**

To achieve our Vision, we will pursue initiatives designed to promote the long-term welfare of our company, our stakeholders, society at large and the environment. We believe the actions we are taking will create a different Altria – and a different tobacco landscape that we believe will benefit today’s adult tobacco consumers, our businesses, and the thousands we employ. Our responsibility focus areas address the issues we believe are most important to drive this progress.

# Altria’s Responsibility Focus Areas



## ENVIRONMENTAL



## SOCIAL



## GOVERNANCE

### Protect the Environment

- Climate change
- Natural resource conservation
- Environmental impact of products

### Drive Responsibility Through Our Value Chain

- Responsible sourcing, distribution and retail
- Supplier Diversity
- Grower support and agricultural sustainability
- Human rights
- Ethics and compliance

### Reduce Harm of Tobacco Products

- Adult smoker transition to non-combustible products
- External conditions for tobacco harm reduction success
- Cessation support

### Prevent Underage Use

- Responsible marketing
- Underage access prevention
- Positive youth development

### Support Our People & Communities

- Inclusion and diversity
- Racial and economic equity
- Positive impact through engagement and partnership
- Well-being of employees and communities
- Workforce and community capability building

### Engage & Lead Responsibly

- Corporate governance and behavior
- Stakeholder engagement and transparency
- Responsible investment governance

Scope of Focus

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**Reporting Disclosure.** This disclosure is guided by the Global Reporting Initiative (GRI), the leading sustainability reporting framework, and the disclosure standards set forth by the Sustainability Accounting Standards Board (SASB). You can find our 2019 [GRI](#) and [SASB](#) disclosure indices and tables on [Altria.com](#).

**Note:** Some images in this report feature unmasked employees who are not maintaining 6 feet of physical distance. These photos were taken prior to the beginning of COVID-19 impacts in Richmond, VA, which began in mid-March, 2020.

## What's in this report?

In 2020, we completed a new materiality assessment. We conducted a comprehensive review of stakeholder expectations and determined how those align with our business priorities. From this analysis, we established six responsibility focus areas to guide Altria's actions toward achieving our Vision. Some of these "new" priorities will feel familiar, but all represent important evolutions in our corporate responsibility strategy. This report will explain our assessment methodology, where we're focused and why it matters, and how we will hold ourselves accountable to progress.

This report also provides an overview of Altria's responsibility framework: how our stakeholder engagement informs our business practices and communications; and, the infrastructure and processes that support and enable us to lead responsibly.

## What's not in this report?

Our new responsibility focus areas give us the opportunity to also evolve how we communicate. Unlike past reports, this one is not designed to give a comprehensive update on our 2020 responsibility progress. We will share the full progress against our new focus areas, including important 2020 metrics and data, in a series of individual "focus reports," updated and published throughout the year. This is the first of these reports - the content of which we believe is foundational in its overview of our responsibility practices, priorities and goals.

Our most recent 2019 Corporate Responsibility Progress report is available on our website, [Altria.com](#).





# CEO's Letter

Welcome to the first in our new series of Corporate Responsibility Progress Reports, "Engage and Lead Responsibly."

2020 brought unprecedented challenges, with the COVID-19 pandemic and the demand for societal change brought on by the senseless deaths of Black Americans. The ESG expectations for Altria – and all businesses – have dramatically and quickly changed. Understanding and addressing those expectations through responsible actions is critical.

2021 brings signs of hope. As I write this letter, we are beginning to see the promise of a COVID-19 vaccine. And we see wide-scale recognition that more must be done to address the deadly outcomes of systemic racism and inequality. Altria acted on both fronts, and full coverage of these topics will come in our next focus area report, "Supporting People and Communities."

Despite a challenging year, our core tobacco businesses delivered strong results in 2020, and we continued to make progress on our 10-year Vision "to responsibly lead the transition of adult smokers to a non-combustible future." Starting our Vision with the word "responsibly" is intentional. It's a recognition that ESG expectations will continue to increase, and an acknowledgment that meeting these expectations is important to our long-term success. Conducting our businesses responsibly is an important lesson that I've learned over my 25 years at Altria.

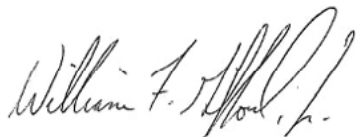
I can't talk about our 2020 performance without acknowledging our employees. Early in 2020, we introduced our cultural aspiration – which is a codified set of pillars for how we behave as a team. In particular, one pillar has defined how we have operated this past year: "We care for each other." Our employees rose to the twin challenges of the pandemic and social unrest with compassion, empathy and determination. I couldn't be more proud of how they lead responsibly, and care for each other, our communities and our stakeholders.

## Moving Beyond Smoking

At the beginning of 2020 we launched our new 10-year Vision. With that Vision, we are moving beyond smoking, leaning into the potential for new, innovative products to reduce the harm of traditional tobacco. I continue to believe that we can make more progress reducing the harm from cigarettes in the next decade than we have in the past fifty.

Fueled by our resilient core tobacco businesses, we made progress towards our Vision in 2020. FDA authorized the marketing of the *IQOS Tobacco Heating System* as a modified risk tobacco product with a reduced exposure claim. *IQOS* is the first next-generation inhalable tobacco product to be authorized as a modified risk tobacco product and we are communicating that information to adult smokers 21+. Our Regulatory Sciences teams continued to conduct critical research to advance harm reduction, including in support of our premarket tobacco products applications to FDA for *on!* nicotine pouches. And we remain focused on preventing underage use of tobacco products, building from our successful 2019 effort to make 21 the legal age of purchase for all tobacco products.

On top of all the progress we made last year, our leaders also embarked on a six-month journey to re-evaluate our corporate responsibility focus and chart our path through 2025. After extensive conversations with stakeholders, we identified six focus areas for our business that define what we must do to achieve our Vision. Some of these areas remain consistent with previous years, such as a focus on sustainability and the value chain, while some are new. I invite you to learn more in the attached report.



Billy Gifford  
Chief Executive Officer

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“Starting our Vision with the word ‘responsibly’ is intentional ... meeting these expectations is important to our long-term success.”

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**Billy Gifford**

Chief Executive Officer



# We Rise to the Challenge, Together

I write this letter in the early days of 2021, as we and many other companies try to understand and navigate through the traumatic events of 2020. The dual pandemics of COVID-19 and systemic racism cast new light on the global challenges of social and economic inequity, while reminding us of the continued perils of environmental deterioration and elevating the need to address these challenges collectively, across sectors.

Entering 2020, stakeholder expectations were already high and rising. And the lasting, multi-faceted impact of these pandemics continues to re-shape expectations of all businesses. Declarations from the Business Roundtable to the Davos Manifesto called on corporations to look beyond advancing the interests of shareholders — to also deliver value to customers, invest in employees, support communities, protect the environment, and deal fairly and ethically with suppliers. These commitments have never been more important as investors, consumers and employees are judging whether corporate actions are meaningful and sustainable, and not just rhetoric.

I'm proud of the ongoing steps Altria took to contribute solutions to these challenges in 2020. And we recognize more is expected of us.

The pursuit of our Vision is about creating a more sustainable enterprise that's aligned with stakeholders' and society's expectations of how we should responsibly manage our businesses. Conducting our materiality assessment in 2020 was challenging, but critical work. It was also rewarding and illuminating.

Our assessment helped us define our responsibility focus for the next several years. Consistent with previous years, "tobacco harm reduction" and "preventing underage use" rose as our most important issues. This exercise also made clear: *how* we drive progress is as important as where we focus our efforts. Stakeholders expect us not only to lead in contributing to solutions for challenging issues, but also to influence others in the tobacco industry, government and communities on issues of importance. This expectation extends to our investments.

We are humbled by this call to leverage our experience to drive positive outcomes. And we do so from a strong foundation. For example, we advocated for tough regulation of the tobacco industry for years because we believe in the benefits of a science- and evidence-based approach to bring transparency and truth to adult tobacco consumers.

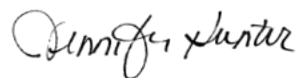
We have a clear 2030 Vision. We have new responsibility focus areas and 2025 goals, and a strong, well-integrated enterprise infrastructure to support our progress. We also have a long-practiced approach that we believe will continue to serve us well:

- Understand expectations. Align business practices. Measure and communicate progress.
- Build credibility to create trust.
- Partner to multiply impact — solutions we achieve together are always more powerful and lasting than what we can achieve alone.
- Learn. Adapt. Pivot. Repeat.

In every stage, stakeholder relationships are essential.

To foster these relationships, we must create relevant, ongoing dialogue about our efforts and how we can partner to achieve even more. That's why we're moving to continuous reporting, in which we will publish focused reports throughout 2021. This first report is a description of how we got to this point and how we will measure our progress. This is important context for the actions we take to achieve our 2025 focus area goals.

As always, thank you for your interest in our journey. And on this next leg, I invite you to travel alongside us — acknowledging, with humility, that we are stronger together.



Jennifer Hunter  
Senior Vice President, Corporate Citizenship

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“Solutions we achieve together are always more powerful ... I invite you to travel alongside us — acknowledging, with humility, that we are stronger together.”

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## Jennifer Hunter

Senior Vice President,  
Corporate Citizenship



# Corporate Profile

Altria's companies include some of the most enduring names in American business.

## Our Family of Companies



Leading cigarette manufacturer in the U.S. for over 45 years and maker of *Marlboro* cigarettes



World's leading producer and marketer of moist smokeless tobacco, including *Copenhagen* and *Skool*



A leading producer and importer of premium wines, including *Chateau Ste. Michelle* and *14 Hands*



Leading producer of one of the best-selling tipped machine-made large cigars sold in the U.S., *Black & Mild*



80 percent interest in Helix Innovations, LLC, provider of *on!* nicotine pouches

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## Our Investments



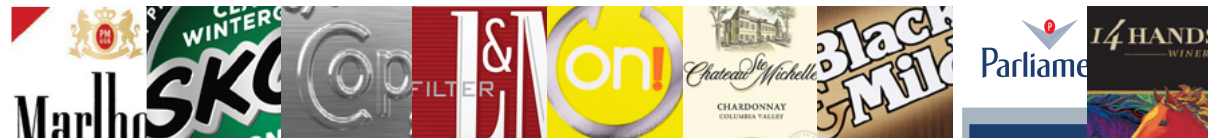
10 percent equity investment in Anheuser-Busch InBev, the world's largest brewer



35 percent economic interest in JUUL, the U.S. leader in e-vapor



43.5 percent equity investment in Cronos Group, a leading global cannabinoid company



# 2020 Company Performance

Source: 4Q 2020 and Full-Year Earnings Release (Jan. 28, 2021)

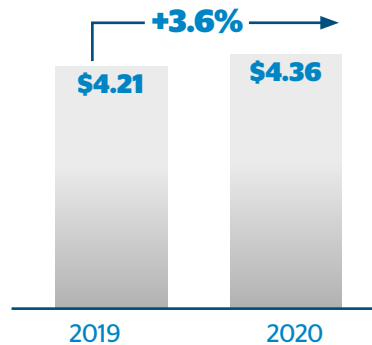
**Net Revenues**  
(\$ in millions)

<b>\$25,364</b>	<b>\$25,110</b>	<b>\$26,153</b>
2018	2019	2020

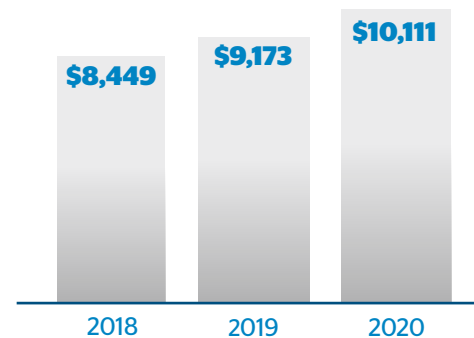
**Annualized Dividends per Share**

<b>\$3.20</b>	<b>\$3.36</b>	<b>\$3.44</b>
August 2018	August 2019	August 2020

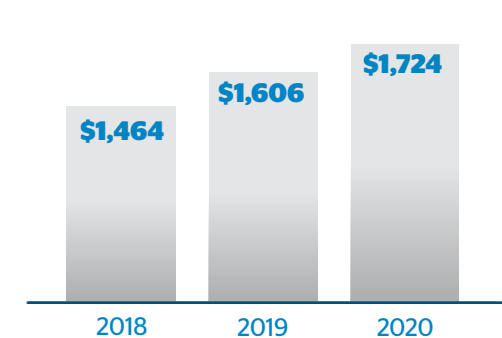
## Adjusted Diluted EPS\* Performance



## Smokeable Products Adjusted OCI\* (\$ in millions)



## Oral Tobacco Products Adjusted OCI\* (\$ in millions)



\*See [Appendix B](#) for reconciliation of non-GAAP to GAAP measures for Earnings Per Share ("EPS") and Operating Companies Income ("OCI")

## Other Direct Economic Value

- \$49.5 million** in cash contributions to communities\*
- \$284 million** in user fee payments to FDA
- \$5,312 million** in excise taxes on products sold
- \$6,290 million** in dividends paid on common stock
- \$584 million** paid against pension and post-retirement
- \$4,442 million** in charges to state settlement agreements

## Communities Where We Live and Work

- \$55 million donated**  
In cash and in-kind contributions\* nationally  
\*includes equipment donations, facility use, services, and wine give-aways
- 56% of employees engaged through**  
Volunteering and/or donating to at least one 501(c)3
- 96% of executives**  
Served on over 80 non-profit boards

# Our Value Chain

## Altria

Our companies develop, manufacture and market tobacco products and wine. Our companies provide jobs for approximately 7,000 employees in 50 states and Washington, D.C. We work to maintain strong relationships with unions that represent over a quarter of our workforce.

### Growers and Suppliers

American-grown tobacco purchased from over 1,500 growers, is the backbone of Philip Morris USA's (PM USA) and U.S. Smokeless Tobacco Company's products. PM USA and John Middleton buy international tobacco leaf through third-party suppliers who purchase from farmers across the globe.

Ste. Michelle Wine Estates owns 2,962 acres of vineyards and contracts for grapes from long-term grape growers on approximately 26,594 acres.

Our companies work with approximately 5,800<sup>1</sup> suppliers worldwide.

<sup>1</sup>Updated May 2021 to include suppliers of SMWE.



### Wholesalers and Retail

Our tobacco companies' products are distributed to approximately 300,000<sup>2</sup> retail stores through a network of wholesalers.

Ste. Michelle principally distributes its products in the U.S. Its wines are sold and served by more than 130,000 retailers and restaurants nationwide. Outside the U.S., Ste. Michelle shipped wine through over 300 distributors globally in 2020.

<sup>2</sup>Updated July 2021

### Adult Consumers

When you make products for adults, society expects you to market responsibly. We understand and agree. That's why our companies build relationships between their brands and adult consumers while taking steps designed to limit reach to unintended audiences.

In 2020, age-verified adult tobacco consumers 21+ on our Adult Tobacco Consumer Database engaged with our tobacco operating companies' branded websites more than 45 million times. We believe our deep understanding of the consumers engaging with us will help us responsibly support adult smoker conversion to non-combustible products.



# Recognition 2020



**Consumer Staples Section Leader** among America's most community-minded companies in The Civic 50



**Perfect score of 100** on the Human Rights Campaign Corporate Equality Index and recognized as one of the "Best Places to Work for LGBTQ Equality"



Recognized by the National Business Inclusion Consortium as **Best-of-the-Best Corporations for diversity and inclusion** across all communities.



**Achieved a Double 'A' Rating in CDP Climate and Water;** among only 1% of 5,800+ organizations receiving this rating.



**Ranked 4th and named as a "Trendsetter"** among the S&P 500 on the Center for Political Accountability Zicklin Index of Corporate Political Disclosure & Accountability, for voluntary disclosures of political spending



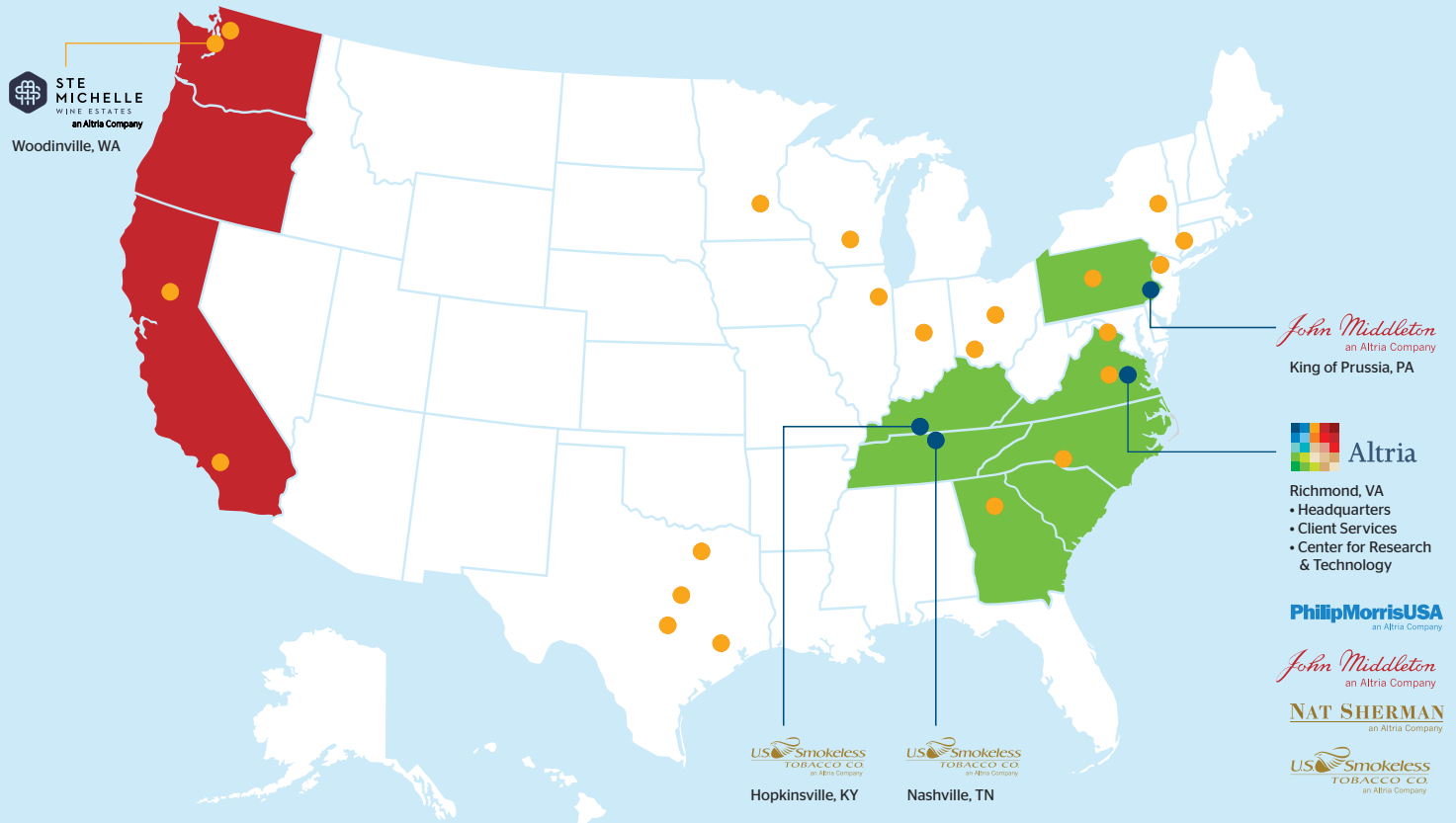
**Earned a national recognition as a Great Place to Work-Certified company.** 92% of employees who participated in the survey say Altria is a great place to work compared to 59% of employees at a typical U.S.-based company.

## Where We Operate

Altria and its companies operate and sell their products principally in the United States. Substantially all of Altria Group's net revenues are from sales generated in the United States.

### Map Key

- Wine Growing States
- Key Tobacco Growing States
- Manufacturing Facilities
- Offices



# Engage & Lead Responsibly: The Framework

The unprecedented challenges of 2020, brought on by the COVID-19 pandemic and demands for social justice and equity, forced public and private institutions to prove the resiliency of previously touted sustainability plans. The tobacco industry continues to evolve, but it does so amidst global forces that are changing the way all companies respond to address important environmental, social and governance issues. This is further evidence that corporate responsibility is a journey, not a destination.

At Altria, this past year called us to further examine cultural orthodoxies and explore new ways of working, and practice greater agility to continue serving our customers, investors, employees and communities through crisis. We believe our long-practiced responsibility approach – listening to stakeholders, adjusting business practices and transparently communicating – has never been more important to our future success.

## Key Tenets:

Understand stakeholder expectations	Align business practices	Measure and communicate progress	Lead the industry in operating responsibly
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## Supported By:

- Corporate governance and behavior
- Responsible investment governance
- Stakeholder engagement and transparency
- Defined leadership accountabilities
- Established goals
- Integrating responsibility priorities into enterprise strategies
- Setting expectations for our employees



# Our Approach

We approach responsibility by understanding our stakeholders' perspectives, aligning business practices where appropriate, and measuring and communicating our progress. We believe our approach mitigates risks and capitalizes on opportunities for our businesses. We support this approach by defining leadership accountabilities, establishing goals and setting expectations for our employees.

## Understanding Stakeholders' Perspectives

Stakeholder engagement is the foundation for our responsibility efforts. Two-way dialogue, based on open and honest communication, helps us understand the issues that present risks and opportunities for our businesses. Through our daily work, employees across the enterprise regularly engage with a wide variety of stakeholders to inform our businesses' strategies, initiatives and approaches. This includes talking with employees, consumers, investors, suppliers, policy makers, regulators, trade partners and community leaders.

Appendix A includes additional examples of why and how we engage with key stakeholder groups on an ongoing basis.

## Aligning Business Practices

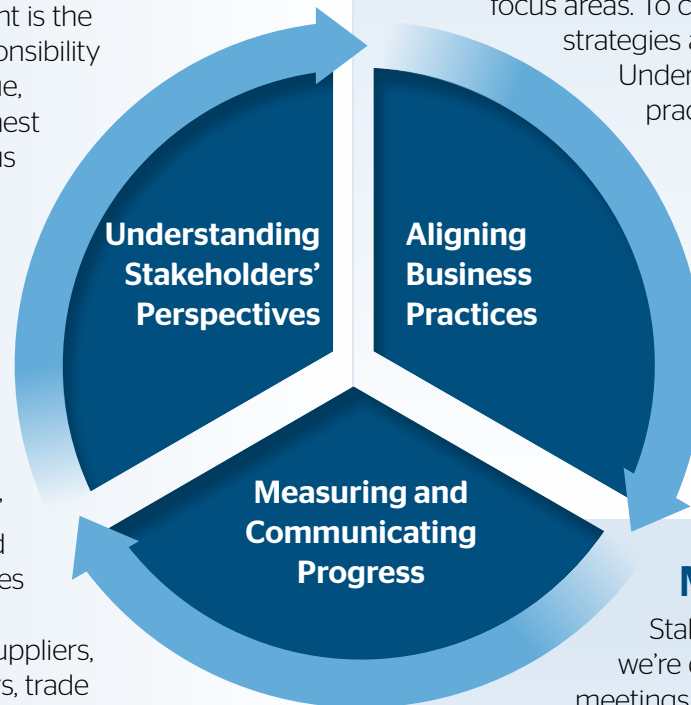
Our businesses implement strategies against long-term goals aligned to our Vision and responsibility focus areas. To continually improve and confirm alignment, they regularly evaluate their strategies against many factors, including input from stakeholders. Understanding stakeholder perspectives informs our companies' business practices, enhances planning and sharpens decision making.

We apply learnings to:

- better identify, understand and address emerging issues;
- inform business processes, including annual strategic planning and risk management;
- establish initiatives to drive positive change;
- track key metrics aligned to goals;
- prioritize issues for business action and reporting; and
- build stakeholder understanding of Altria and its companies.

## Measuring and Communicating Progress

Stakeholders expect us to clearly communicate where we're focused and how we're doing. We engage with them in many ways, including one-to-one discussions, meetings, webcasts, at conferences, and through company communications, including this report. Additionally, we align our reporting with the GRI and SASB frameworks and respond to surveys like CDP. Our disclosed metrics and targets are also informed disclosures recommended by the Task Force on Climate-related Financial Disclosures, and other frameworks like the World Economic Forum's Stakeholder Capitalism Metrics and UN Sustainable Development Goals.



**Every few years we apply this approach to conduct a more formal, research-based assessment of our stakeholders' responsibility expectations. In the following pages we'll illustrate how this came to life in our 2020 Materiality Assessment by describing our process, outcomes, and how we engage and lead to support progress.**

# Altria's 2020 Materiality Assessment

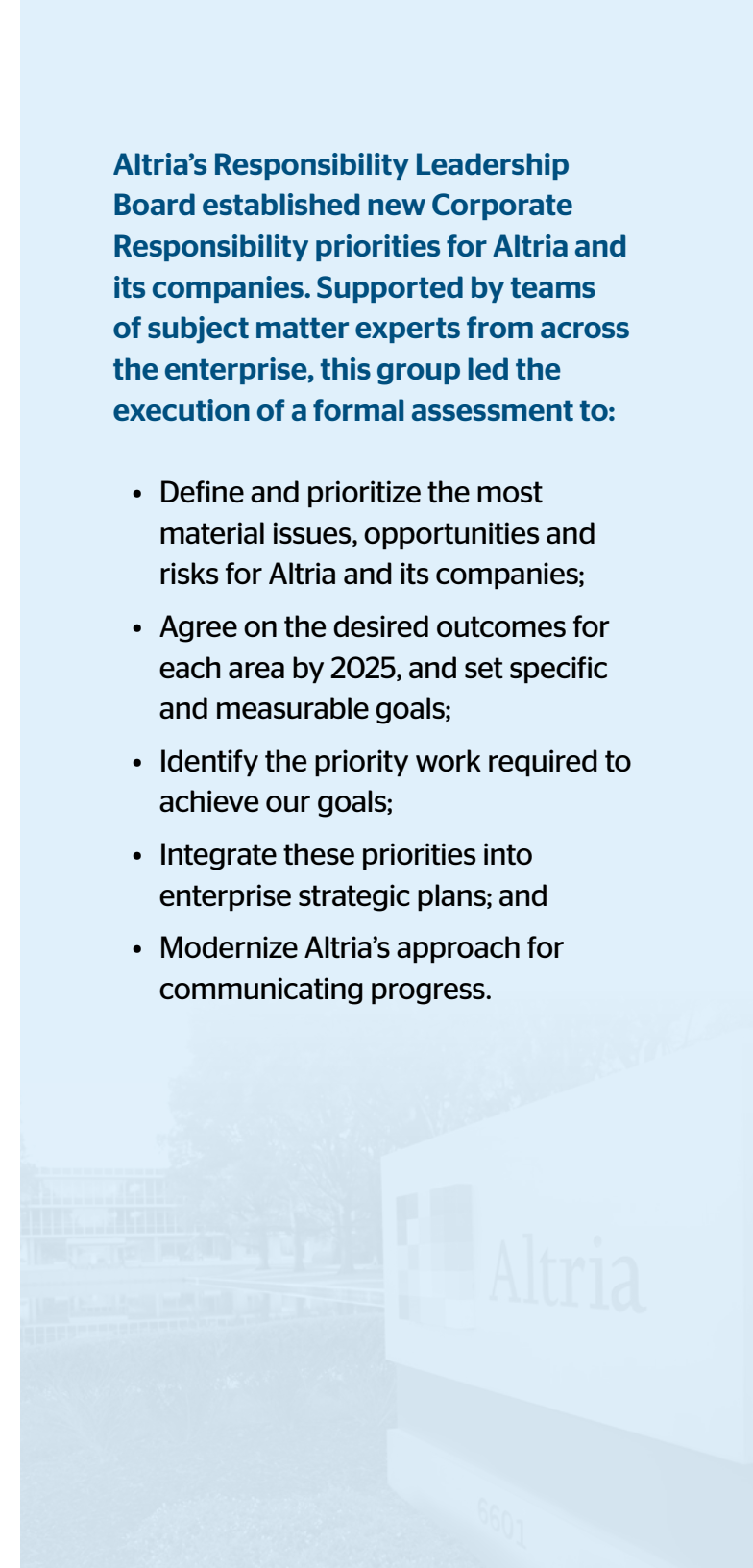
**Identifying What Matters Most.** Altria's responsibility focus areas and initiatives are guided by our materiality assessment process – a comprehensive, formal approach to identify the most impactful ESG issues that promote long-term sustainability and success. Through this assessment, we conduct a comprehensive review of stakeholder expectations and determine how those align with our business priorities. Through this exercise, we establish Altria's responsibility focus areas, as well as goals and metrics within each, that will guide our actions over the next several years.

In early 2020, we revealed a new 10-Year Vision, Our Cultural Aspiration, and Inclusion & Diversity Aiming Points. These critical guideposts formed "Our Path Forward." Against this backdrop, a "Responsibility Leadership Board", made up of 15 of our companies' most senior leaders, began the work of our new materiality assessment. These leaders represented Altria's operating companies and service organization functions such as the field sales force, corporate citizenship, corporate governance, compliance, government affairs, human resources, market research, procurement, product development, packaging, regulatory affairs and sciences, and strategy and business development. They solicited and evaluated stakeholder input and prioritized the six responsibility focus areas most critical to achieving our Vision:



**Altria's Responsibility Leadership Board established new Corporate Responsibility priorities for Altria and its companies. Supported by teams of subject matter experts from across the enterprise, this group led the execution of a formal assessment to:**

- Define and prioritize the most material issues, opportunities and risks for Altria and its companies;
- Agree on the desired outcomes for each area by 2025, and set specific and measurable goals;
- Identify the priority work required to achieve our goals;
- Integrate these priorities into enterprise strategic plans; and
- Modernize Altria's approach for communicating progress.





**Stakeholder Input.** To arrive at our six responsibility focus areas, we asked for input from stakeholders including: employees, consumers, growers, suppliers, trade partners, government officials, community and youth serving organizations, public health, non-governmental organizations and the general public. We relied on direct outreach, employee engagement surveys and focus groups, and public opinion research. Through formal qualitative and quantitative research, we solicited input from the general public and engaged citizens, adult tobacco and wine consumers 21+, parents and caring adults, policy makers and employees. In total, across projects spanning 2019-2020, Altria's research partners conducted 40 focus groups with more than 300 participants, more than 400 in-depth interviews and surveyed approximately 9,500 people representing these various stakeholder groups. We also solicited input from the Nominating, Corporate Governance and Social Responsibility ("NCGSR") committee of Altria's Board.

Next, we analyzed the feedback across all stakeholder groups, clustered like topics and expectations into more than 100 distinct responsibility expectations, and compiled these into 30 key issues for further exploration. We also shared a summary of the feedback with the full Board of Directors.

#### **Stakeholder research to support Altria's 2020 materiality assessment included specific questions:**

- What risks and/or opportunities do you believe to be most impactful to Altria and necessary to address for long-term sustainability and success?
- What are your main expectations of Altria and its operating companies?
- How do these expectations differ, if at all, from expectations you have of other companies?
- What do you believe is the most important thing (or among the most important things) for Altria and its operating companies to focus on to act as a responsible company over the next five years?
- How might Altria's business practices need to change to meet these expectations?
- How do you want to hear about Altria's responsibility practices and progress in the future? (e.g., channels, cadence/frequency)

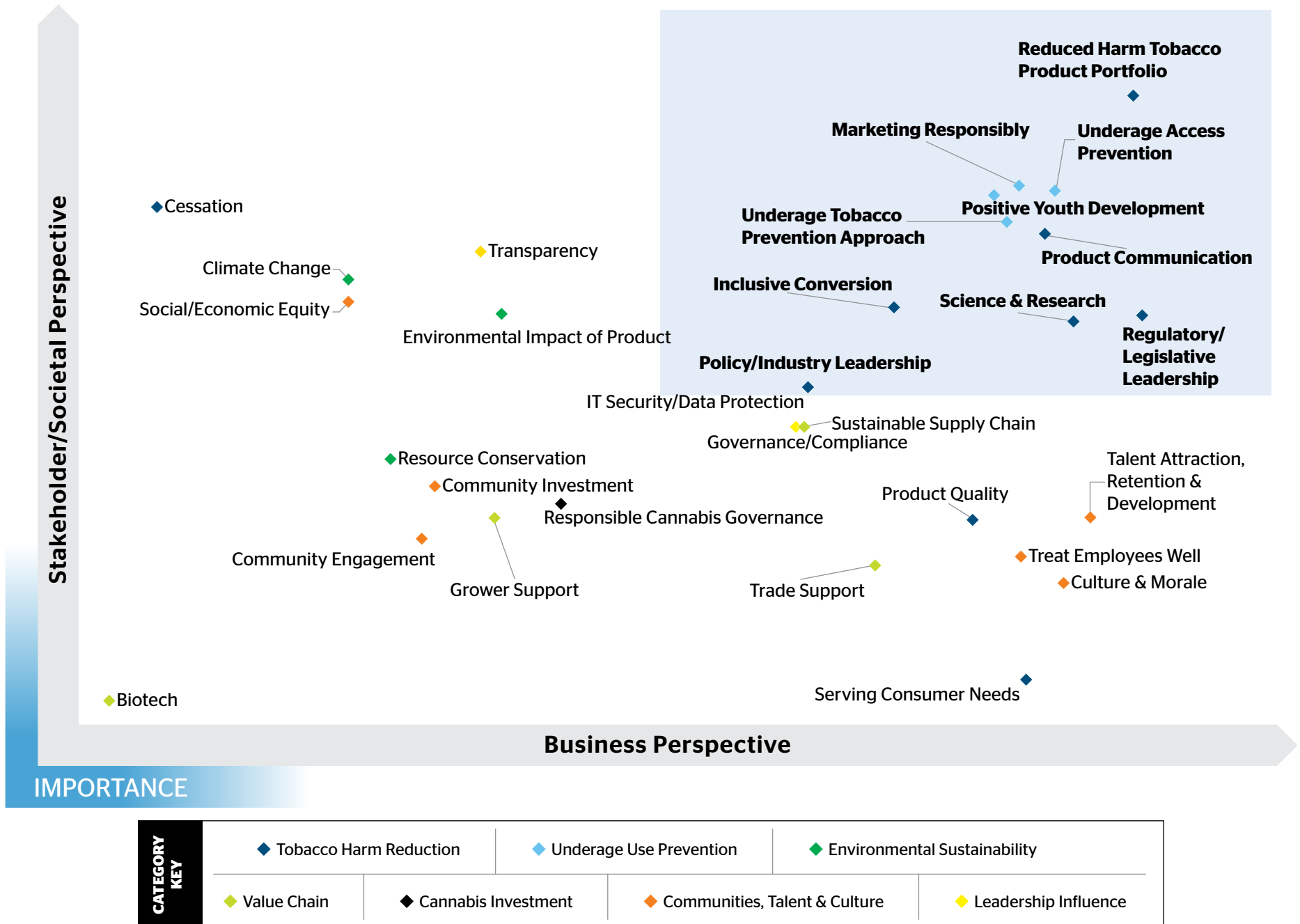


**Prioritizing Responsibility Topics.** A critical step in the materiality process is to prioritize top issues based on environmental, societal and business impact. For Altria, this included a mapping exercise. We evaluated the importance of each issue to our business, our stakeholders and society. We considered the alignment to Altria's 10-Year Vision, impact of the risks and opportunities, and external trends.

The Responsibility Leadership Board then combined these issues into higher-level categories: a) Tobacco Harm Reduction, b) Underage Use Prevention, c) Value Chain, d) Communities, Talent & Culture, e) Environmental Sustainability and f) Altria's Cannabis Investment. These initial six categories represent a set of expectations that Altria intends to address over the next five years to responsibly lead progress toward our Vision.

For each category, a team of Responsibility Leadership Board members and subject matter experts analyzed the issues' impacts on Altria's long-term sustainability success. These "Issue Teams" documented their analyses of the essential nature of the category, stakeholders impacted, strategic importance for our business and beyond our walls, alignment with existing initiatives or strategy, and significant challenges and desired outcomes for progress.

# Altria's 2020 Materiality Assessment



**Note:** All issues represented are considered important. Placement on the grid was a qualitative exercise informed by stakeholder input and our internal Responsibility Leadership Team's prioritization exercise supporting our 2020 materiality assessment. Prioritization based on responsibility perspective, not inclusive of all relevant company issues. Supporting cessation viewed internally as part of harm reduction, lower business ranking attributed with that understanding; i.e., expectation that cessation is covered within harm reduction.

Each issue impact analysis for the six categories identified in our prioritization map consisted of the following elements:

- **Issue Articulation.** A succinct statement of the topic area.
- **Primary Stakeholders Impacted.** The stakeholders impacted and the significance/importance of this issue area to each stakeholder group.
- **Strategic Importance/Criticality for Business (through 2025).** Alignment to 10-Year Vision, current and future risks, and market opportunities or innovations.
- **Strategic Importance Beyond Our Walls (through 2025).** Identify potential economic, social and environmental impacts.
- **Management Strategy.** Identify current/planned initiatives through 2025. Propose any new initiatives/priority work for consideration.
- **Most Significant Challenges for Managing/Making Progress.** Highlight new or existing resources required.
- **Desired Outcomes/Goals & Associated Metrics.** Provide ideas as to the right goals for Altria to set and report progress against to external stakeholders including measurable/quantifiable metrics.
- **Additional Considerations.** Capture remaining questions or additional considerations.

**“How” is as Important as “What.”** In addition to these six categories, two significant themes emerged: leadership influence and principles of governance. How Altria leads to address issues is as important to our stakeholders as where we’re focused. Stakeholders acknowledge Altria’s industry leadership, and they expect us not only to lead in contributing to solutions for challenging issues, but also to influence others in the tobacco industry, government and communities to do the same. Ongoing and increasing expectations related to accountability, transparency and stakeholder partnership are applicable to the systems, processes, policies and reporting that govern Altria’s actions within each focus area.

**Our 2025 Responsibility Focus & Goals.** Based on the prioritization assessment, the Responsibility Leadership Board recommended, to Altria’s Executive Leadership Team, a final set of responsibility focus areas through 2025. The issue impact analyses helped inform the specific scope of priorities, including a clear set of goals to guide our efforts. In prioritizing these responsibility focus areas and goals, we are committed to continuing to seek and address stakeholder expectations while advancing outcomes that positively impact our business.





# Altria's 2025 Responsibility Focus Areas And Goals

	Protect the Environment	Drive Responsibility Through Our Value Chain	Reduce Harm of Tobacco Products	Prevent Underage Use	Support Our People & Communities	Engage & Lead Responsibly
Scope	<ul style="list-style-type: none"> <li>▶ Climate change</li> <li>▶ Natural resource conservation</li> <li>▶ Environmental impact of products</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible sourcing, distribution and retail</li> <li>▶ Supplier Diversity</li> <li>▶ Grower support and agricultural sustainability</li> <li>▶ Human rights</li> <li>▶ Ethics and compliance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Adult smoker transition to non-combustible products</li> <li>▶ External conditions for tobacco harm reduction success</li> <li>▶ Cessation support</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible marketing</li> <li>▶ Underage access prevention</li> <li>▶ Positive youth development</li> </ul>	<ul style="list-style-type: none"> <li>▶ Inclusion and diversity</li> <li>▶ Racial and economic equity</li> <li>▶ Positive impact through engagement and partnership</li> <li>▶ Well-being of employees and communities</li> <li>▶ Workforce and community capability building</li> </ul>	<ul style="list-style-type: none"> <li>▶ Corporate governance and behavior</li> <li>▶ Stakeholder engagement and transparency</li> <li>▶ Responsible investment</li> </ul>
Why it Matters	<p>We are committed to reducing our environmental impact, both in our companies' direct operations and in the value chain (from supplier to retailer). We believe that climate change presents incredible global risk, humans are the primary cause and inaction is not an option. We understand the effect our companies and their products may have on our environment, including climate change, changes to water quality and availability, and cigarette butt litter; as well as the effect changes in nature have on our companies - and the associated risks for our businesses. That's why we set long-term environmental targets and regularly share progress.</p>	<p>Strong, sustainable partnerships with our supplier base and trade partners are critical to our future success and achieving Altria's 10-Year Vision. Responsibly sourcing the raw materials and services for our companies' products and ensuring they are sold only to Adults 21+ is necessary to maintain our social license to operate.</p> <p>We also believe our commitment to advancing diversity throughout our supply chain will drive innovation, increase competition and provide greater supply chain flexibility.</p>	<p>Most of Altria's net revenues come from the sale of its tobacco operating companies' products. The use of tobacco products, however, is a significant public health concern, as underscored by the extensive public health authority information on tobacco and health.</p> <p>We believe successfully converting adult smokers to non-combustible products represents a substantial opportunity for our adult tobacco consumers, our businesses, society and our shareholders. With adult smoker demand for non-combustible alternatives, innovation and an appropriate regulatory framework, we have the opportunity to make more progress on harm reduction in the next 10 years than we have in the past 50 years.</p>	<p>The concepts of tobacco harm reduction and underage tobacco prevention are directly linked, and we remain steadfastly committed to both as we lead the adult smoker transition to non-combustible products. We also recognize that our portfolio now includes a broad range of products intended for adults.</p>	<p>We will achieve our long-term Vision by remaining an employer of choice in a rapidly evolving talent market – providing experiences that help our workforce achieve their full potential and doing what's right in our communities – investing, volunteering and collaborating to drive positive change.</p>	<p>We understand that how we lead in addressing issues is as important to our stakeholders as where we are focused. Stakeholder expectations related to accountability, transparency and partnership are applicable to the systems, processes, policies and reporting that govern our actions across all our responsibility focus areas.</p> <p>Stakeholders also expect us not only to lead in contributing to solutions for challenging issues, but also to influence others in the tobacco industry, government and communities on issues of importance. This expectation extends to our investments. In 2018, we made an adjacent investment in Cronos. Stakeholders expect us to demonstrate leadership in helping shape a highly responsible and regulated cannabis market in the U.S.</p>
Goals	<p>Align our operational and value chain business practices with science-based methodology to limit the damaging impacts of climate change.</p> <p>Conserve the natural resources on which our businesses and communities rely.</p> <p>Reduce the environmental impact of using our companies' products.</p> <p>The above are supportive of our progress toward long-term, 2030 targets to:</p> <ul style="list-style-type: none"> <li>- Reduce absolute Scope 1 &amp; Scope 2 emissions by 55%<sup>1</sup></li> <li>- Reduce absolute Scope 3 emissions by 18%<sup>1</sup></li> <li>- Achieve 100% renewable electricity</li> <li>- Reduce waste sent to landfill by 25%</li> <li>- Achieve 100% water neutrality each year</li> </ul>	<p>Enhance analytic and surveillance infrastructure that supports the financial viability of our supplier base and trade partners.</p> <p>Enhance trade participation in youth access prevention programs to establish retail and future sales channels as the most trusted place to responsibly sell and distribute tobacco products.</p> <p>Deliver continuous improvement in our tobacco supply chains to protect the rights of farm workers, build sustainable futures for farmers and their communities, and protect the environment.</p> <p>Improve diversity, inclusion and equity in our supply chain.</p> <p>Enhance infrastructure that supports our ability to responsibly source goods and services and optimize the value of those goods and services for our businesses.</p>	<p>Accelerate investments in innovation, science and regulatory support for new non-combustible product platforms.</p> <p>Create the conditions for tobacco harm reduction to succeed through external communications and engagement, science and advocacy.</p> <p>Provide access to expert quitting information for those who have decided to quit.</p>	<p>Lead the industry in preventing underage use of products intended for adults 21 and over.</p> <p>Contribute to the healthy development of youth ages 12 - 18.</p>	<p>Increase the diversity of our organization and leadership team while building an inclusive and equitable culture.</p> <p>Address systemic racism and advance social and economic equity in the communities where we live and work.</p> <p>Drive business and social impact through engagement and partnership with a diverse portfolio of stakeholders.</p> <p>Contribute to the well-being of our workforce and community stakeholders.</p> <p>Build the capability of our workforce and communities to successfully navigate an uncertain and rapidly changing environment.</p>	<p>We routinely monitor and make changes to align with best practices in corporate governance. To address additional stakeholder expectations, through 2025 we plan to focus on enhancing the governance structure of our investment in Cronos to assist Cronos in becoming a recognized responsibility leader in the cannabis industry.</p>

<sup>1</sup>Altria has had its emission reductions targets approved by the Science Based Targets initiative (SBTi) as consistent with levels required to meet the goals of the Paris Agreement. The target covering greenhouse gas emissions from our operations (scopes 1 and 2) is consistent with reductions required to keep warming to 1.5°C, what the latest climate science has told us is needed to prevent the most damaging effects of climate change. Our target for the emissions from our value chain (Scope 3) meets the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practice.



**Integrating Responsibility with Enterprise Strategy.** In 2020, we integrated the new responsibility focus areas and goals into our enterprise and functional planning processes, considering priority work and associated metrics identified through the assessment. As a result, Altria's operating and service companies identified and resourced initiatives to support progress toward our 2025 goals. We also established new cross-functional planning and reporting infrastructure designed to better promote collaboration, alignment and continuous progress.

While our materiality assessment is complete, we understand that change is constant. We will continue to monitor emerging issues and align our business practices to help address evolving societal issues important to our companies, stakeholders and communities.

**Evolving Metrics and Communicating Progress.** Our new responsibility focus areas present the opportunity to inspect the metrics we've tracked in the past and expand our disclosure to align with evolving expectations. We are also modernizing our reporting approach, to better meet the unique information needs of various stakeholders and allow for more continuous dialogue. In 2021, we shifted to a new reporting cycle, disclosing progress and key metrics for each of our responsibility focus areas in stand-alone reports. We will publish these reports throughout the year and commit to updating our progress "off cycle" as necessary. This report is the first in our new series. As we've done in the past, each of these focus area reports will share our approach and progress toward our goals, including relevant targets and metrics.

## 10-YEAR VISION: Responsibly lead the transition of adult smokers to a non-combustible future.

### To achieve this Vision, we will:

- Lead the industry in operating responsibly and preventing underage use of adult products.
- Develop and expand our portfolio of FDA-authorized, non-combustible products and actively convert adult smokers to them.
- Maximize the profitability of our combustible products while appropriately balancing investments in *Marlboro* with funding growth of our non-combustible portfolio.
- Invest in our manufacturing employees and facilities to enable them to be the manufacturers of choice for all Altria's current and future portfolio of tobacco products.
- Seize leadership in the external environment through communications, engagement and science-based policy and regulatory solutions.
- Build employee capabilities to accelerate progress against our Vision and further evolve the way we work and behave.
- Help position Cronos as a leader in a highly-responsible, regulated and legalized U.S. cannabis market.
- Maximize the contribution of Altria's investments to our long-term value.

# Supporting Responsible Engagement & Leadership

## CORPORATE GOVERNANCE AND BEHAVIOR

**Structure and Accountability.** Altria's CEO and senior management direct our responsibility efforts. Altria's Board of Directors' NCGSR Committee oversees Altria's public affairs, corporate reputation and environmental and social responsibility strategies. More specifically, the Committee has authority and responsibility to review Altria's environmental and social responsibility initiatives and goals and Altria's progress toward achieving those goals. The committee consists entirely of non-management directors all of whom the Board has determined are independent, including Altria's independent Chairman of the Board. The entire Board of Directors is also periodically briefed on responsibility efforts.

Updates to the NCGSR Committee and the full Board include the review of topics such as trends in corporate responsibility, our underage use

prevention program, environmental initiatives, community and public policy engagement, harm reduction initiatives, talent and culture, and our monitoring and reporting of ESG progress. In 2020, the NCGSR Committee participated in Altria's materiality assessment through the stakeholder input process and review of the six recommended responsibility focus areas. The full Board also reviewed the final responsibility focus areas and shared perspective.

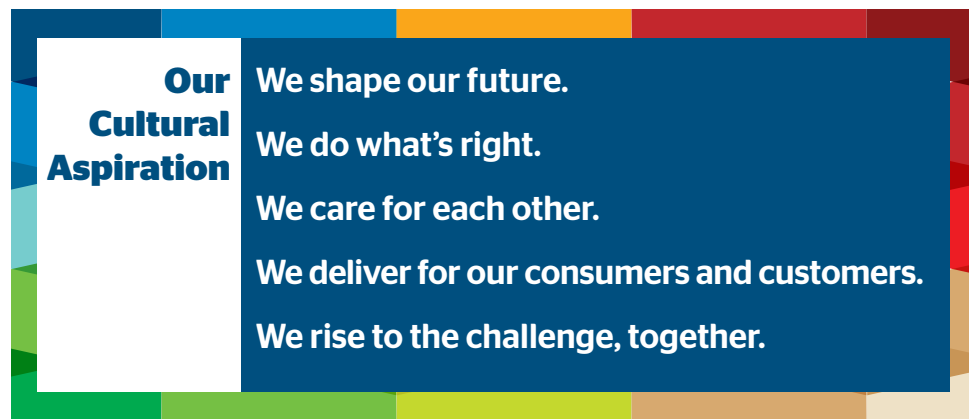
In addition to the NCGSR Committee, the Board has also delegated oversight responsibilities to committees for specific responsibility areas. For example, the Innovation Committee oversees our product innovation efforts and strategies that are critical to our harm reduction goals. And the Compensation and Talent Development Committee oversees our corporate culture and talent development activities.



Altria's responsibility focus areas are integrated into enterprise planning, strategies and initiatives. Operating company and functional business leaders develop and measure progress toward initiatives that advance progress toward our 2025 responsibility goals. Our Corporate Responsibility group advises business leaders, monitors best practices and reports progress. Altria Client Services' Senior Vice President, Corporate Citizenship, leads this group and serves on our Executive Leadership Team, reporting directly to the CEO of Altria Group.

**Expectations of Employees.** Along with our Vision, Our Cultural Aspiration is an articulation of who we are and what we value. By leading with Our Cultural Aspiration, we believe our employees will create a culture important to achieving our Vision. This aspiration is a set of commitments employees make to each other and to our external partners and stakeholders. We're also asking employees to make progress on Inclusion and Diversity Aiming Points, which are goals intended to promote a more diverse and inclusive workplace.

We expect our employees to set and pursue business objectives that support our 10-Year Vision, demonstrate behaviors consistent with Our Cultural Aspiration and promote our culture of compliance, guided by our Code of Conduct. Consistent with Our Cultural Aspiration, we pursue our business objectives with integrity in full compliance with all laws. Altria's CEO and other senior executives are accountable for Altria's Compliance & Integrity Program and the Audit Committee of our Board of Directors provides oversight of the program. Altria's [Standards for Compliance & Integrity](#) guide how our operating companies and corporate functions carry out compliance and integrity responsibilities and we regularly evaluate their performance.



Our [Code of Conduct](#) provides specific guidance for employee behavior. All employees receive training on the Code and how to use it in decision making. We expect them to comply with the Code and company policies relevant to their jobs.

**Respect for Human Rights.** Respect for people is fundamental to the way we conduct our business. The Ten Principles of the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work guide our principles and policies for employees and our expectations of suppliers. To uphold and promote these principles, we:

- respect the rights of our employees and promote a culture of respect and compliance as articulated by Our Cultural Aspiration and our Code of Conduct;
- work with suppliers to promote actions that are consistent with our [Supplier Code of Conduct](#); and
- collaborate with others to address human rights issues where our companies have a role to play.

### Responsible Investment Governance

In recent years, Altria has expanded its investment in companies that manufacture and distribute products intended for adults 21+. In addition to our long-standing 10% investment in Anheuser Busch InBev, this includes a 35% investment in the e-vapor company, JUUL, as well as a 43.5% investment in Cronos, a Canadian cannabinoid company. While we do not have direct control of our investees' operations, we understand the importance of, where appropriate, encouraging them to develop practices that align with our own responsibility standards. We believe this is important for Cronos, with the scope of our investment and governance responsibilities, and the increasing possibility of a new, federally legal cannabis industry in the United States.

Given Altria's depth of responsibility experience in a highly regulated and scrutinized industry, stakeholders expect us to demonstrate leadership in shaping a responsible and regulated market for cannabis in the U.S. Altria holds four (one of which is independent) of seven seats on Cronos' Board of Directors – a unique opportunity through which to provide oversight to Cronos. Specifically, our goal is to enhance Altria's governance structure of its investment in Cronos to assist Cronos in becoming a recognized responsibility leader in the cannabis industry.



Our investment in Cronos is in its infancy and our goal is new, but progress is underway. In 2020, Altria collaborated with external partners to identify aiming points that reflect pillars of good governance as an investor in the cannabis space. Through our Cronos board seats, we continue to emphasize the importance of corporate responsibility and provide ongoing feedback as Cronos enhances its corporate responsibility framework. And we will continue to refine Altria's responsibility approach to the cannabis industry and assess responsibility risks and opportunities as the category evolves.

**Legalization of THC<sup>2</sup> cannabis.** At Altria, we are hopeful that there will be a fully legalized and regulated THC cannabis market for adults 21 and over. An overwhelming majority of Americans support THC cannabis legalization for adults. States are responding by changing laws to make adult use of THC cannabis legal, either for medical or recreational purposes. But the changes in state laws have created a patchwork of state regulatory frameworks and an unsustainable conflict with federal law that currently criminalizes THC cannabis for adults 21 and older. We believe it is time for a national dialogue about how to develop a responsible legal and regulatory framework for THC cannabis regulation that protects the consumer, establishes clear rules and regulations, prevents underage use and advances other critical policy goals.

As this debate unfolds, Altria plans to support approaches that advance an inclusive and responsible vision for the industry, including a federal regulatory framework that:

- Prevents underage use of THC cannabis;
- Promotes informed and responsible usage for adults 21 and older;
- Protects the consumer by implementing strong standards for product manufacturing, safety and quality;
- Invests in and integrates research, science and data to guide product usage and innovation;
- Promotes responsible marketing, distribution and retail practices to limit exposure to underage audiences; and
- Addresses the historical impact of THC cannabis criminalization and its societal impacts on people of color and their communities.

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<sup>2</sup>According to the U.S. National Institutes of Health, "THC" stands for "tetrahydrocannabinol" and refers to the principal psychoactive constituent of the cannabis plant. The word "marijuana" refers to parts of or products from the plant *Cannabis sativa* that contain substantial amounts of THC.





# Looking Forward

The 2020 materiality assessment identified six areas in which our business and stakeholders expect meaningful progress. They are directly aligned to Altria's 10-year Vision, Cultural Aspiration and I&D Aiming Points, and demonstrate Altria's commitment to our ESG progress and responsibility leadership.

With the clarity and direction of our new 2025 responsibility focus areas and goals, we are well-positioned to continue progressing along our responsibility journey. And we understand the challenges that line our path forward. When this process began, we weren't in the middle of a global pandemic or a mass societal movement against racial injustice. The 'pandemic within the pandemic' for black and brown communities has brought a new consciousness to systemic racism and inequality.

Corporate America is uniquely positioned to address racial and economic inequities. And to date, companies across industries, including Altria, are stepping up and lending their voices. Throughout our materiality assessment, themes of social justice and equity emerged. Embedding equity within our focus areas, specifically named in "Support Our People & Communities," speaks to our intentions and desire to drive sustainable change over time.

This represents just one of the many examples for how our materiality assessment has energized our efforts and propelled us into important new spaces. We are grateful for our stakeholders' support, proud of the outcomes, and excited to implement initiatives and share our progress with you throughout the year.



# Appendix A: Stakeholder Engagement

Stakeholder Group	Why We Engage	How We Engage
<p><b>Investors</b></p>	<p>To communicate our business results and how we achieved those results, including our approach to responsibility. We also engage with investors to understand their interests and expectations.</p>	<ul style="list-style-type: none"> <li>• Annual Shareholder Meetings</li> <li>• Investor               <ul style="list-style-type: none"> <li>- Road shows</li> <li>- Meetings</li> <li>- Conferences</li> <li>- Surveys</li> <li>- Earnings calls</li> </ul> </li> </ul>
<p><b>Suppliers/Growers</b></p>	<p>To convey our expectations and shared goals to promote the procurement of high-quality products, services, and materials that support our business objectives. We also work to understand and collaborate on effective ways to resolve risks and societal issues within the supply chain.</p>	<ul style="list-style-type: none"> <li>• Supplier scorecards</li> <li>• Supplier meetings</li> <li>• Assessments, audits and surveys</li> <li>• Meetings between company grower representatives and growers</li> <li>• Workshops and training events</li> <li>• Agricultural organizations</li> </ul>
<p><b>Government and Regulatory Agencies</b></p>	<p>To share our company’s public policy positions on issues important to us. As our industries are subject to a range of laws and regulations, we engage constructively with government officials and regulatory agencies to maintain compliance and help achieve business objectives.</p>	<ul style="list-style-type: none"> <li>• Meetings with elected and appointed officials and staff</li> <li>• Regulatory submissions</li> <li>• Workshop participation</li> <li>• Facility tours</li> <li>• Trade associations</li> <li>• Public policy organizations</li> </ul>
<p><b>Public Health and Scientific Community</b></p>	<p>To understand and share research and perspectives on tobacco product issues to inform and advance our approach to tobacco harm reduction and effective regulation.</p>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Conferences and workshops</li> <li>• Research publications</li> </ul>

Stakeholder Group	Why We Engage	How We Engage
<p><b>Trade Partners</b></p>	<p>To help our trade partners strengthen their businesses and ours by offering category management solutions that promote mutual success. We work to understand the trade's feedback on retail and wholesale programs supporting the marketing of our products. We also work with them to better understand marketplace dynamics and the preferences of adult consumers.</p>	<ul style="list-style-type: none"> <li>• “Top-to-Top” meetings</li> <li>• Visits with retailers</li> <li>• Online tools</li> <li>• Annual trade meetings</li> </ul>
<p><b>Consumers</b></p>	<p>To listen and engage with our adult consumers to develop insights that will help deliver new and innovative products and brand experiences that exceed their expectations.</p>	<ul style="list-style-type: none"> <li>• Consumer hotlines</li> <li>• Consumer insights research</li> <li>• Brand and corporate websites</li> <li>• Direct-to-consumer communications</li> </ul>
<p><b>Employees</b></p>	<p>To help employees understand the company's strategies, the competitive landscape and how they contribute to the company's success. We seek input from and engage with our employees to improve their overall work experience and inspire them to innovate, do things more simply, be more inclusive and win in the marketplace.</p>	<ul style="list-style-type: none"> <li>• Town hall meetings led by senior leaders</li> <li>• Engagement and pulse surveys</li> <li>• Intranet communications</li> <li>• Newsletters</li> <li>• Functional, departmental and team meetings</li> <li>• Labor negotiations</li> <li>• Cultural I&amp;D discussions</li> <li>• Employee Resource Groups</li> <li>• Yammer</li> </ul>
<p><b>Community Partners/ Grantees</b></p>	<p>To collaborate on issues important to our communities so that we can invest our resources and time in a way that helps make our communities and businesses stronger. We work to address relevant social and environmental concerns in partnership with others.</p>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Grantee forums</li> <li>• Service on boards and in other leadership roles</li> <li>• Employee volunteer service</li> </ul>

## Examples of outcomes from some of these engagements include:

**Public Health and Scientific Communities:** We discuss our scientific research plans with leading public health scientists, including those who are critical of our industry. We share research results and invite input on how to strengthen our research. In 2020, we engaged with dozens of public health stakeholders, presented or published more than 30 scientific posters and manuscripts and participated on 7 conference panels in support of our tobacco harm reduction efforts.

### Suppliers/Growers:

- In 2020, Altria, along with Bank of American and Sonoco, were co-chairs for the Carolinas-Virginia Minority Supplier Development Council (CVMSDC)'s Re-Emerge event, which provided education, mentoring and networking opportunities for ethnically-diverse businesses. Through our internal "Stronger Together" race and equity initiative, we also granted \$100,000 to the CVMSDC that will enable 20 Minority Business Enterprise leaders to attend leadership programs at the University of Richmond.
- Our ALCS Tobacco Grower Representatives make on-farm visits to educate growers on a variety of topics important to our growers including prevention of Green Tobacco Sickness and heat stress, compliance with I-9 and wage statements, and prevention of non-tobacco related materials. They share training materials, handouts and information on additional resources available.

**Trade Partners:** Our proprietary reporting system provides relevant store-level data for the tobacco categories. We can show our customers how many stores are gaining or losing market share at an aggregate and store level. Our sales team then works with the retailer on how to capitalize on those insights to build its business. In 2020, we validated the use of age-verification technology for ~65,000 retailers as part of our retailer incentive program to further encourage responsible retailing at the point of purchase.

**Consumers:** We use market and consumer research to deeply understand our consumers and their preferences. In 2020, we opened our third /QOS store in Charlotte, NC and in August, /QOS launched its first consumer-facing message featuring the reduced-exposure claim statement from the FDA.

**Employees:** In 2020, we supported our employees during the COVID-19 pandemic - implementing numerous safety measures in our manufacturing facilities and new policies and ways of working for our remote employees. We also expanded benefits and resources for the physical, emotional, and financial well-being of employees.

**Community Partners/Grantees:** In 2020, our Race and Equity initiative included \$5MM in corporate giving to support nonprofits advocating for social justice and racial equity, alignment of our pro-bono services with our equity focus areas, and employee giving campaigns and voting activations.



# Appendix B: Reconciliation of Non-GAAP to GAAP Measures

## Non-GAAP Financial Measures

While Altria reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP), Altria's management also reviews certain financial results, including operating companies income (OCI) (which is defined as operating income before general corporate expenses and amortization of intangibles) and diluted earnings (losses) per share (EPS), on an adjusted basis, which excludes certain income and expense items that management believes are not part of underlying operations. These items may include, for example, loss on early extinguishment of debt, restructuring charges, asset impairment charges, acquisition-related costs, charges associated with tobacco and health litigation items, COVID-19 special items, resolutions of certain non-participating manufacturer (NPM) adjustment disputes under the Master Settlement Agreement (such dispute resolutions are referred to as NPM Adjustment Items), equity investment-related special items (including changes in fair value of the equity investment and related warrants and preemptive rights) and certain tax items. Altria's management does not view any of these special items to be part of Altria's underlying results as they may be highly variable, may be unusual or infrequent, are difficult to predict and can distort underlying business trends and results.

Altria's management believes that adjusted financial measures provide useful additional insight into underlying business trends and results and provide a more meaningful comparison of year-over-year results. Altria's management uses adjusted financial measures for planning, forecasting and evaluating business and financial performance, including allocating resources and evaluating results relative to employee compensation targets. These adjusted financial measures are not required by, or calculated in accordance with, GAAP and may not be calculated the same as similarly titled measures used by other companies. These adjusted financial measures should thus be considered as supplemental in nature and not considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. Reconciliations of historical adjusted financial measures to corresponding GAAP measures are provided on the right.

## Altria Group, Inc. and Consolidated Subsidiaries, Full-Year Adjusted Earnings Per Share Results

(\$ in millions, except per share data)

	Earnings (Losses) before Income Taxes	Provision for Income Taxes	Net Earnings (Losses)	Net Earnings (Losses) Attributable to Altria	Diluted EPS
<b>2020 Reported</b>	<b>\$ 6,890</b>	<b>\$ 2,436</b>	<b>\$ 4,454</b>	<b>\$ 4,467</b>	<b>\$ 2.40</b>
NPM Adjustment Items	4	1	3	3	—
ABI-related special items	763	160	603	603	0.32
Asset impairment, exit, implementation and acquisition-related costs	431	89	342	342	0.18
Tobacco and health litigation items	83	21	62	62	0.03
JUUL changes in fair value	(100)	—	(100)	(100)	(0.05)
Impairment of JUUL equity securities	2,600	—	2,600	2,600	1.40
Cronos-related special items	51	(2)	53	53	0.03
COVID-19 special items	50	13	37	37	0.02
Tax items	—	(50)	50	50	0.03
<b>2020 Adjusted for Special Items</b>	<b>\$ 10,772</b>	<b>\$ 2,668</b>	<b>\$ 8,104</b>	<b>\$ 8,117</b>	<b>\$ 4.36</b>
<b>2019 Reported</b>	<b>\$ 766</b>	<b>\$ 2,064</b>	<b>\$ (1,298)</b>	<b>\$ (1,293)</b>	<b>\$ (0.70)</b>
ABI-related special items <sup>1</sup>	(383)	(80)	(303)	(303)	(0.16)
Asset impairment, exit, implementation and acquisition-related costs	331	62	269	269	0.15
Tobacco and health litigation items	77	19	58	58	0.03
Impairment of JUUL equity securities	8,600	—	8,600	8,600	4.60
Cronos-related special items	928	288	640	640	0.34
Tax items	—	99	(99)	(99)	(0.05)
<b>2019 Adjusted for Special Items</b>	<b>\$ 10,319</b>	<b>\$ 2,452</b>	<b>\$ 7,867</b>	<b>\$ 7,872</b>	<b>\$ 4.21</b>
<b>2020 Diluted EPS Adjusted for Special Items</b>					<b>\$ 4.36</b>
<b>2019 Diluted EPS Adjusted for Special Items</b>					<b>\$ 4.21</b>
<b>% Change</b>					<b>3.6%</b>

<sup>1</sup> Prior period amounts have been recast to conform with current period presentation for certain Anheuser-Busch InBev SA/NV (ABI) mark-to-market adjustments that were not previously identified as special items and that are now excluded from Altria's adjusted financial measures.

**Altria and Consolidated Subsidiaries,  
Selected Financial Data Smokeable Products**

(\$ in millions)

	Full Year Ended,		
	2020	2019	2018
<b>Reported OCI</b>	<b>\$ 9,985</b>	<b>\$ 9,009</b>	<b>\$ 8,408</b>
NPM Adjustment Items	4	—	(145)
COVID-19 special items	41	—	—
Asset impairment, exit, and implementation costs	2	92	83
Tobacco and health litigation items	79	72	103
<b>Adjusted OCI</b>	<b>\$ 10,111</b>	<b>\$ 9,173</b>	<b>\$ 8,449</b>

**Altria and Consolidated Subsidiaries,  
Selected Financial Data Oral Tobacco Products**

(\$ in millions)

	Full Year Ended,		
	2020	2019	2018
<b>Reported OCI</b>	<b>\$ 1,718</b>	<b>\$ 1,580</b>	<b>\$ 1,431</b>
COVID-19 special items	9	—	—
Asset impairment, exit, implementation and acquisition-related costs	(3)	26	23
Tobacco and health litigation items	—	—	10
<b>Adjusted OCI</b>	<b>\$ 1,724</b>	<b>\$ 1,606</b>	<b>\$ 1,464</b>

## About this Report

Unless otherwise noted, this report includes data and progress for Altria Group, Inc. and its wholly owned subsidiaries for calendar year 2020. It covers Altria's tobacco operating companies Philip Morris USA Inc., John Middleton Co., U.S. Smokeless Tobacco Company LLC, Helix Innovations, and wine company, Ste. Michelle Wine Estates Ltd, representing more than 99% of revenue of Altria's family of companies. The report also covers other Altria subsidiaries including Altria Group Distribution Company, which provides sales and distribution services to certain Altria operating companies, and Altria Client Services LLC which provides various support services in areas such as legal, regulatory, consumer engagement, finance, procurement, human resources and external affairs to Altria and its companies. Philip Morris Capital Corporation, Altria's subsidiary which maintains a portfolio of finance assets, is not in scope. Altria and its companies operate principally in the United States and substantially all of Altria's net revenues are from sales generated in the United States.

Certain statements in this report are "forward-looking statements" within the meaning of Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations and projections, and are not guarantees of future performance. They are based on management's beliefs, projections or expectations that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Altria undertakes no obligation to publicly update or revise any forward-looking statement in this report. The risks and uncertainties relating to the forward-looking statements in this report include those described in Altria's publicly filed reports, including its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

If you have questions about our report, please feel free to [contact us](#).

